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UNCLAS SECTION 01 OF 03 GUANGZHOU 001101

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E.O. 12958: N/A

TAGS: [ETRD](#) [EIND](#) [TBIO](#) [ECON](#) [PGOV](#) [CH](#)
SUBJECT: CHINA HOSTS FOOD AND SAFETY TOUR FOR FOREIGN DIPLOMATS

REF: BEIJING 6347

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¶11. (SBU) Summary: A tour of inspection facilities and export production sites hosted by the Chinese government offered an opportunity for dialogue with inspection officials that improved understanding of China's food safety and product quality system. Despite obvious staging, it also revealed some of the system's weaknesses. With press participation throughout, the tour was aimed at a larger audience than just the diplomatic community. End summary.

¶12. (SBU) China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) Vice Minister Wei Chuangzhong hosted diplomats from sixteen embassies in Beijing on a four-day tour of local product safety inspection facilities. The tour also included site visits to agricultural and manufacturing facilities in Guangdong Province that produce exports to the United States and other foreign markets. U.S. Embassy Beijing FAS Minister Counselor William Westman, Embassy Econoff and Congenoff joined the tour and held a private bilateral meeting with Chinese officials on food safety issues (reftel).

More Access, Same Message

¶13. (SBU) VIP treatment and unfettered access to national-level AQSIQ and local-level China Inspection and Quarantine (CIQ) officials throughout the September 24-27 trip helped improve foreign diplomats' understanding of China's product quality inspection system. (Septel will provide further details on the system's bureaucracy and procedures.) Local officials were eager to showcase progress to multiple audiences - not only foreign diplomats in the delegation, but also Vice Minister Wei and Chinese local and national media who accompanied the delegation for each site visit and meeting. According to Vice Minister Wei and other officials, the inspection tour for diplomats will become a regular activity. He noted that AQSIQ had offered a similar tour for journalists in late August.

¶14. (SBU) At the start of the visit Vice Minister Wei reiterated well-rehearsed talking points on what AQSIQ perceives to be the causes of the recent food and product safety incidents: illegal activities by some enterprises, design flaws, standards, and the media. Wei noted that some enterprises engaged in illegal activities had been shut down, including the two firms that produced melamine involved in recent pet food recalls. He complained about differences across international markets in standards for lead-content in toys, ractopamine in pork, and flouoroquinolone

antimicrobials in fish. Wei pointed out that design flaws are the responsibility of the manufacturer and argued that the media has exaggerated the safety threat. In addition, he emphasized cooperative measures China has taken to resolve these issues, including the Consumer Product Safety Summit with the U.S. Consumer Product Safety Commission in September and bilateral negotiations with USDA.

¶ 15. (SBU) Guangdong Province Deputy Secretary General Liu Youjun repeated Weis concerns about the negative impact of "media hype" and faulty product designs in one of the final sessions of the tour. He called on diplomats and others to help repair Guangdong's reputation for producing quality products. Liu also noted Japanese government statistics that showed China's 2006 food exports to Japan had fewer quality problems than U.S. food exports to Japan during the same period.

Yantian Port - Inspections and Evasion

¶ 16. (SBU) During a tour of Yantian Port in Shenzhen, diplomats saw how import and export inspections are conducted for food, agricultural and manufactured products. The modern port facilities include two inspection platforms with over 100 CIQ employees. CIQ officials can use a video surveillance system to visually monitor import/export activities at the port in real time from other Shenzhen CIQ locations. (Note: They also receive live video feeds from other port and border-crossing facilities, livestock holding areas, and inspection sites throughout the local jurisdiction. End note.) A Shenzhen CIQ Deputy Director General explained that local CIQ offices have their own internal auditors. The official pointed out that two inspectors must sign off on all inspection reports as a counter-corruption measure. However, he noted that some companies

GUANGZHOU 00001101 002 OF 003

evade the export quality control system by packing their products in boxes labeled as other goods with fraudulent manifests.

¶ 17. (SBU) At the time of the port tour, inspectors were examining import shipments of frozen poultry, cut lumber, and hardwood veneer from the United States as well as flower bulbs from the EU and hydraulic oil from Taiwan. They checked the shipments for discrepancies with shipping manifests and took samples for lab analysis at local CIQ laboratories. Foreign diplomats expressed concern that frozen U.S. poultry was allowed to sit out on the open air inspection platform for more than a few minutes for the purpose of the inspection demonstration. In addition to import products, CIQ officials were also inspecting Chinese export products such as canned water chestnuts, Christmas lights, office chairs and sofas to ensure accurate shipping manifests and product labels before release from China. CIQ officials at the port and throughout the tour gave conflicting accounts of the percentage of food and manufactured products that are actually inspected upon import or export. Despite these discrepancies, it appears that food and medical products are inspected more closely and frequently than most other manufactured products.

Testing Labs - An Expensive Investment

¶ 18. (SBU) Shenzhen and Guangdong CIQ Offices opened three of their product testing laboratories to the delegation and proudly displayed advanced equipment and facilities at each site. The three-year-old facilities at the Zhongshan District CIQ laboratory included three Level 2 clean rooms, featuring multiple sealed doors and independent ventilation systems. Local CIQ officials said that China continues to acquire more advanced technologies for product testing at CIQ labs. During the tour, they pointed out individual testing stations and quoted prices in excess of US\$250,000 for certain machines. Nevertheless, one AQSIQ officials complained that high equipment costs were an obstacle to China further expanding its testing regime. He implied that China some parts of the testing system were unnecessary and had been implemented primarily due to pressure from foreign governments and the media.

Toy Manufacturers Emphasize Variation in Standards

¶ 9. (SBU) During visits to two Chinese toy companies, Early Light Manufacturing and Jetta Company Limited, executives gave detailed reviews of their internal testing procedures and facilities. Both firms manufacture toys for global brand-name clients that are exported to various markets around the world. Managers at Early Light explained that it is certified by CIQ to conduct its own testing. However, they noted that CIQ still visits the factory to conduct independent testing and gather samples.

¶ 10. (SBU) Executives at both firms repeatedly emphasized difficulties caused by variation in safety standards. They highlighted different U.S. and EU toy safety standards for acceptable lead-content levels and drop height testing requirements (to measure breakage of toys dropped on concrete to prevent injury to children). An executive at Early Light also explained how a change in the U.S. standard for lead content had led to the recent Mattel recalls. He said that Early Light had become aware of a change in the U.S. standard in late July and immediately notified Mattel that some toys already on shelves did not meet the new standard. According to the Early Light executive, Mattel was not initially aware of the standard change. He said Mattel started sending employees to conduct frequent tests at Early Light's facilities after the recalls.

Vegetable and Eel Farms - Lack of Understanding

¶ 11. (SBU) The tour also included visits to the Guangzhou Dongsheng Demonstration Farm, a processing center for the export of conventional and organic vegetables, as well as the Xulong Group, an eel farm and processing center for baked eel exports to Japan, Korea and the United States. Each site appeared clean with appropriate quality control procedures in place. However, several diplomats in the delegation expressed concern at obvious staging of the demonstrations and an apparent lack of understanding by managers at the sites about how testing and production procedures are designed to avoid contamination.

¶ 12. (SBU) Agriculture attaches from the EU and New Zealand noted that the Guangzhou demonstration farm had no permanent processing tables in vegetable sorting and packing areas, raising questions about procedures for limiting contamination. In addition, managers

GUANGZHOU 00001101 003 OF 003

at the farm were unable to adequately describe procedures for maintaining separation of conventional and organic vegetables transshipped through the same facility.

¶ 13. (SBU) Managers of the eel processing center proudly displayed sophisticated testing equipment and procedures, but seemed to lack understanding of how certain tests might be used to enhance product quality. Foreign agricultural attaches commented that although testing appeared to be thorough and professional, process design might need improvement to ensure that unnecessary and costly protocols are not implemented simply for the sake of appearances.

Comment - For Public Consumption

¶ 14. (SBU) The presence of journalists throughout the tour underscored the fact that it was a public relations effort aimed at a larger audience than just the diplomatic community. In one of the closing sessions with cameras rolling, Vice Minister Wei urged the foreign diplomats to comment on the tour and make suggestions for China's next steps on product safety. When one diplomat pointed out that the current Chinese inspection system might inadvertently overlook small-scale and unregistered producers, Wei gave an immediate and vigorous rebuttal. Comments from another diplomat that seemed to praise China's system without equivocation were quoted the following day in the China Daily newspaper.

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